



U.S.-PANAMA TRADE PROMOTION AGREEMENT New England Farmers Will Benefit

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The U.S. agricultural sector has a great deal to gain from the pending U.S.-Panama Trade Promotion Agreement, known as the Panama TPA. The agreement will immediately eliminate duties on nearly 50 percent of current U.S. exports and gives U.S. exporters improved access to the Panamanian market for many products that have been highly protected. U.S. agricultural exports to Panama in 2010 exceeded \$450 million.

The Panama TPA agreement eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of New England's agricultural products, including dairy, beef, fruits, and vegetables. Agricultural exports from Connecticut, Massachusetts, Maine, Vermont, New Hampshire, and Rhode Island, estimated at \$500 million in 2010, supported roughly over 4,200 jobs, on and off the farm. These export sales make an important contribution to the New England farm economy, which had total cash receipts of \$2.4 billion in 2010.

Dairy Products

- U.S. exporters will have immediate duty-free access to nine preferential dairy tariff-rate quotas (TRQs), totaling 3,986 tons. These include 2,625 tons of skim milk powder, 728 tons of cheese, 263 tons of ice cream, and 370 tons of other dairy products. These quantities will grow by 4 or 5 percent each year and the over-quota tariffs, which range from 15 percent for ice cream to 50 percent for milk powders, will be phased out in 15 to 17 years.
- U.S. dairy exporters will continue to have access to the global TRQs for 3,830 tons of milk powder and 3,782 tons of cheese that are part of Panama's World Trade Organization (WTO) commitments.
- Panama will immediately eliminate its 30-percent tariff on dried whey products. The tariffs on most other dairy products, which are currently as high as 140 percent, will be phased out over 15 years.
- Panama has already implemented a December 2006 bilateral agreement with the United States on sanitary/phytosanitary measures (SPS), recognizing the equivalence of the U.S. food safety systems for processed foods, including dairy products, and streamlining its product registration system for packaged foods. This will allow U.S. food processors to export dairy products to Panama without burdensome paperwork and without having each facility and shipment inspected by Panamanian authorities.

Fruits and Fruit Products

- Panama will immediately eliminate its tariffs on nearly all fresh and processed fruits and fruit products, including cherries, pears, peaches, grapes, raisins, blueberries, cranberries, apples, and apple juice.
- The 10-percent tariffs on most dried fruits will be eliminated in 5 years, and the 15-percent tariffs on many single strength fruit juices and juice mixtures will be phased out over 5 to 15 years.
- Panama's tariff on still wine is 15 percent. Under the agreement, the tariff on bottled table wine will be eliminated immediately, while tariffs on all other wine categories will be phased out within 5 years.

Vegetables and Vegetable Products

- Panama's tariffs on nearly all frozen and processed vegetables, currently 15 percent, will be eliminated immediately.
- Tariffs for most fresh vegetables will be eliminated in 10-15 years.
- Panama will establish an 816-ton, duty-free preferential TRQ for fresh onions, growing 2 percent annually. The tariffs on dried and processed onions will be eliminated immediately.

- The tariff on potato chips will be eliminated immediately and the tariffs on potato flakes and other potato preparations will be phased out in 5 to 10 years. Panama will establish a 3,640-ton, duty-free preferential TRQ for frozen precooked French fries. This will grow by 4 percent annually and the over-quota tariff will be eliminated in 5 years. Panama will also establish a 765-ton, duty-free preferential TRQ for fresh potatoes that will grow 2 percent annually.

Beef

- Panama will immediately eliminate its 30-percent duty on the products most important to the U.S. beef industry – prime and choice cuts. Panama’s tariffs on other cuts of beef will be phased out over 15 years.
- The 10-percent tariff on beef tongues and livers will be eliminated in 5 years, and the 15-percent tariff on other edible offal will be eliminated immediately.
- Panama has already implemented a December 2006 bilateral agreement with the United States on SPS, reopening its market to U.S. beef by bringing its import requirements related to bovine spongiform encephalopathy into compliance with international standards.
- Panama also accepted the equivalence of the U.S. meat inspection system, which allows U.S. inspectors to certify beef for export to Panama without having each facility and shipment inspected by Panamanian authorities.

Maple Products

- Panama will phase out its 15-percent tariffs on maple syrup and maple sugar over 10 years.

New England Principal Agricultural Products and Exports, 2010		
Product	Cash Receipts (2010 calendar year)	Exports (2010 fiscal year)
Total	\$2.4 billion	\$500 million
Dairy and Dairy Products	\$716 million	\$27 million
Fruits and Fruit Products	\$204 million	\$51 million
Vegetables and Vegetable Products	\$189 million	\$61 million
Cattle and Beef	\$76 million	\$6 million
Maple Products	\$47 million	\$10 million
	Source: USDA-NASS	Source: USDA-ERS

For questions about the U.S.-Panama Trade Promotion Agreement and its impact on U.S. agriculture, please contact FAS Public Affairs at (202) 720-7115 or LPA@fas.usda.gov.